

# APMC Act

September 19, 2020

Agriculture marketing, which mainly concerns buying and selling of agriculture produce, is considered the key driver of the agriculture sector. Production uncertainties and market unpredictability are some of the structural hindrances to the agriculture sector. **APMCs are marketing boards** which have been established by many states to safeguard farmers from large retailers, moneylenders or creditors.

## Provisions of APMC Act

- **Abolition of fragmentation of market** within the State/ UT by removing the concept of notified market area (State/ UT level single market).
- Creation of a **conducive environment for setting up and operating private** wholesale market yards and farmer consumer market yards.
- Enabling declaration of warehouses/ silos/ cold storages and other structures/ space as market sub-yard to provide better market access/ linkages to the farmers
- **Promotion of e-trading** to enhance transparency in trade operations and integration of markets across geographies.
- Provisions for **single point levy of market fee** across the State and unified single trading licence.
- Promotion of national market for agriculture produce through provisioning of **inter- state trading licence**, grading and standardization and quality certification.

## Issues with APMC Act

- The existing regulatory framework does not support free flow of agricultural produce
- It **restricts direct interface of farmers with the processors/ exporters/ bulk buyers** / end users, and in sequel has let in a large number of intermediaries who

may or may not be adding any value along the value chain.

- According to Ashok Dalwai Committee, farmers' share in consumer prices range from 15% to 40%.
- **Prevalent corruption in APMCs and typical bureaucratic machinery** also act as hindrances to the farmer.
- **High license fee and high commission** levied on both farmers and buyers create artificial inflation.
- APMCs do **no value addition** in terms of storage and transport facilities, leading to high wastage.
- No exporter or processor could buy directly from the farmers, thus discouraging processing and exporting of agricultural products.